

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

STARRED QUESTION NO:496

ANSWERED ON:18.05.2006

REFINING COST OF CRUDE OIL

Bhagora Shri Mahavir;Kaushal Shri Raghuvir Singh;Moorthy Shri A.K.;Singh Shri Rajiv Ranjan (Lalan);Suman Shri Ramji Lal

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) the estimated cost of crude oil refining in the public sector oil companies at present;
- (b) whether the cost of crude oil refining in the public sector oil companies is more than the private sector oil companies;
- (c) if so, the details in this regard; and
- (d) the steps taken to reduce the refining cost of crude oil in the public sector oil companies?

**Answer**

MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 496 BY SHRI RAJIV RANJAN SINGH 'LALAN' AND SHRI RAMJI LAL SUMAN TO BE ANSWERED ON 18TH MAY, 2006 REGARDING REFINING COST OF CRUDE OIL.

(a) : The average refining cost of crude oil excluding fuel and loss and entry taxes etc., during 2005-06 in respect of Public Sector Oil Companies is estimated at Rs. 604 per metric tonne.

(b)&(c): The cost of crude oil refining depends on the complexity of refineries and other operating factors. Some of the factors are type of crude oil processed, capacity, process configuration and technology employed, product specifications, environmental stipulations, product slate, age, geo political location and conditions.

Private Sector refineries do not publish refining cost. However, Reliance Industries Limited, a private sector refinery, has reported on 27.4.2006 that the gross refining margin of their Jamnagar refinery is 10.3\$ / bbl.

(d): Some of the steps taken by Public Sector Undertaking refineries to reduce refining cost are:-

- i) Thrust on energy conservation and to reduce fuel and losses.
- ii) Adherence to preventive maintenance schedule to achieve the optimum maintenance cost.
- iii) Control on overheads.
- iv) Technical audit for control of chemicals and catalysts consumption.
- v) Installation of variable speed drives for selective MV and LT motors.
- vi) Implementation of flare gas recovery system to recover gas from flare and sending back to heaters.
- vii) Yield maximization of value added products (LPG, Motor Spirit, Aviation Turbine Fuel etc.)